UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/1991/92
14 June 1991

ORIGINAL: ENGLISH

Second regular session of 1991

GENERAL DISCUSSION OF INTERNATIONAL ECONOMIC AND SOCIAL POLICY, INCLUDING REGIONAL AND SECTORAL DEVELOPMENTS

REGIONAL COOPERATION

Summary of the survey of economic and social developments in the ESCWA region, 1990

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INTRODUCTION

1. Owing primarily to various adverse effects of the Gulf crisis, the GDP of the Western Asian region 1/ contracted by more than 5 per cent in 1990, after having registered a 3.34 per cent growth rate in 1989. The increase in the output of the region in 1989 had reflected to a great extent the improvement in the performance of the mining sector (mainly crude oil and natural gas). Owing to the dominant weight of the oil sector in the GDP of the region, the level of economic activity remained largely subject to the changes in oil prices, which in 1989 increased by 17-20 per cent over the previous year. Higher oil revenues, coupled with various economic adjustment programmes and reform policies pursued by many countries in the region to cope with the recessionary conditions prevailing since 1983, accelerated the pace of economic activity. Furthermore, the end of hostilities between Iraq and Iran in 1988 contributed to the improvement of economic and social conditions in the region.

I. ECONOMIC PERFORMANCE PRIOR TO THE GULF CRISIS

2. Economic performance in the region varied from one group of countries to another.

A. Gulf Cooperating Council countries

3. Prior to the Gulf crisis, the Gulf Cooperating Council (GCC) countries enjoyed favourable economic conditions. The mining sector, which remains the most important one affecting economic activities, performed fairly well during the first seven months of 1990. Owing partly to the depleting oil reserves in major oil-producing countries, plans were designed in most GCC countries, particularly in Saudi Arabia, for an increase in the oil production capacity to meet the expected rise in demand. Oil revenues of the GCC countries during the period from January to July 1990 are estimated to have been $US 30 billion, generally maintaining the level attained during the same period in 1989, despite the decrease in oil prices. The increase in oil production more than compensated for the decline in the oil prices from $17.31 per barrel in 1989 to a monthly average of $15.04 per barrel in the second quarter of 1990.

4. The performance of non-oil sectors in GCC countries varied from one sector to another. Most non-oil sectors have recorded favourable growth rates, in spite of the prevailing recessionary conditions. Notwithstanding declining oil revenues since 1983, the GCC countries continued a policy of diversifying their economies with a view to reducing overwhelming dependence on the export of crude oil.

5. The manufacturing sector performed favourably in most GCC countries in 1989. It registered a growth rate of just 1 per cent in 1988 and is estimated to have grown by more than 10 per cent in 1989. Available data for 1990

(January-July) suggest that the manufacturing sector maintained its favourable condition. This is attributed to an increase in the output of petrochemical and fertilizer industries to meet the growing demand in international markets. The optimistic expectations concerning future demand for manufactured goods in GCC countries led to the development of plans for further expansion, particularly in the petrochemical and aluminium industries.

6. The condition of the construction sector, which until late in the 1980s had experienced a major setback, started improving in 1989 and 1990 (January-July). This is attributed to the fact that most of GCC countries, particularly Saudi Arabia, entered a new stage of economic and social development. High priority has been placed on the construction of large-scale industrial projects.

7. In the services sector, considered to be the brightest economic sector after the oil sector, growth has been steady during the past few years. Banking, which has been under pressure for several years owing to the overall contraction in economic activities in most GCC countries, performed well during 1989-1990. It benefited from the strong demand for oil as well as from the measures adopted to cope with the problems of bad debts and bankruptcies. Preliminary reports for the first half of 1990 suggest that commercial banks showed increasing profits, with rising deposits and better-than-expected demands for loans. The performance of the stock markets was encouraging during 1990 (January-July), reflecting the growing confidence of investors.

8. The trade sector improved in 1989, recording a growth rate of 2.1 per cent in 1989, following a decline of 17 per cent in 1988. Available data for 1990 (January-July) suggest that the trade sector continued its favourable performance, reflecting an overall economic improvement in GCC countries.

9. The above statistics indicate that the overall economic performance of the GCC countries, as a group, during the period January-July 1990, was favourable.

B. Countries with diversified economies

10. The economies of this group of countries are linked to those of the GCC countries by various channels which have developed and deepened during the past two decades. During the 1970s and early 1980s, a large labour-force movement from this group of countries to the major oil-exporting countries in the region (GCC countries and Iraq) took place. The remittances from their nationals working in the GCC countries and Iraq were a major source of foreign exchange for offsetting a persistent and widening trade deficit in several countries in the group.

11. The concessional flow of financial aid from the GCC countries to the countries with diversified economies and Yemen (the least developed country in the ESCWA region) represents a major source of foreign earnings.

12. The recessionary conditions which prevailed in most GCC countries during most of the 1980s led to a decline in the financial flows from those countries to the countries with diversified economies, thus aggravating the huge difficulties and economic imbalances of the latter, especially with regard to trade and payments deficits, budget deficits and a growing burden of external debt. To cope with these imbalances, various adjustment policy measures have been undertaken. Since the policy makers in these countries are aware of the possible negative impact of demand management policies on the growth and well-being of the disadvantaged groups in the short term, the implementation of economic adjustment programmes agreed upon with concerned international institutions has been gradual, taking into consideration the social dimensions, with a view to avoiding possible political or social unrest. Another important aspect of policy change is the privatization policy pursued by most countries in this group with a view to promoting the role of the private sector in the economy. In addition, measures have been taken to improve the management of the public sector, which is still dominant in most of these countries.

13. The combined GDP of this group of countries is estimated to have increased by 3 per cent in 1989. In sectoral terms, the mining sector, which declined in 1988 by around 8 per cent, is estimated to have increased by over 23 per cent. Iraq, being the major oil exporter in the group, recorded the highest increase in the mining sector. The performance of the manufacturing sector has also been favourable. It recorded a growth rate of 8 per cent in 1989 over 1988. The cease-fire between Iraq and Iran in 1988 made possible the revival of industrial projects that were planned for implementation during 1981-1985 but had been postponed as a result of the war.

14. The agricultural sector performed poorly in many countries of the group as a result of the 1989 drought which affected most of the countries, especially the Syrian Arab Republic and Joran. However, there are indications that the sector performed better in 1990. The services sector improved significantly in 1989 and during the first seven months of 1990. It is considered a major source of foreign exchange for many countries in the group. Even before the outbreak of the Gulf crisis in August 1990, most countries in the group were experiencing a slowdown in their economic activities. Economic imbalances were far from being generally reduced, despite the economic adjustment programmes adopted. The balance-of-payments position has been worsening, and unemployment has been increasing. Preliminary indications suggest that economic growth slowed in some countries of the group during the first half of 1990. The repercussions of the drop in oil prices have been prominent among the factors leading to the slowdown in economic activities.

C. Yemen

15. In Yemen, 2/ the least developed country in the ESCWA region, the scarcity of domestic financial and economic resources (apart from oil discovered in modest quantities in 1987) makes economic activities in the country highly dependent on external financial resources (worker's remittances, soft loans and grants), mainly from the GCC countries.

16. The contraction in economic activities in the GCC countries led to a sharp drop in the remittances of Yemeni expatriates working in those countries, thus adversely affecting economic conditions in Yemen. The country's modest oil revenues failed to compensate for the decline in remittances, which represented the major source of foreign exchange earnings for many years.

17. In response to this development, a series of policy measures was adopted to deal with the economic impact in the short and long run. High priority was accorded to the development and expansion of productive sectors in the economy, particularly mining and agriculture, with a view to promoting resource-based industries. The success of this policy would enhance the integration of the manufacturing sector in the economy and reduce the overwhelming dependence on imports. Yemen's overall economic performance, as measured by GDP, grew by 5 per cent in 1989, a rate still much lower than that of 1988. This is attributed to the flood which damaged large agricultural areas in the southern and eastern parts of the country (then Democratic Yemen) in 1989. Consequently, growth in the agricultural sector dropped by 4.7 per cent in 1989, and growth in the manufacturing sector slowed too. Partially available data suggest that both agricultural and manufacturing sectors performed better in 1990.

18. The mining sector is more promising. It continued its significant expansion in 1989 and in 1990 as a result of oil discoveries and oil exports and is expected to contribute towards reducing the overwhelming dependence of the Yemeni economy on external financial resources. It is noteworthy that during 1990 the Government of Yemen concluded several agreements with various oil companies for the purpose of exploring and exploiting oil resources in Yemen.

19. The reunification of the two parts of Yemen into one State (May 1990) created favourable economic and social conditions conducive to the acceleration of economic growth and development. Prior to the reunification, the Government of Democratic Yemen, which had been following a centrally planned economic system since the 1960s, had introduced a series of policy measures aimed at encouraging the private sector to play a greater role in the economy. A decision has been made to establish Aden as a free zone in order to encourage Yemeni and foreign private investment. As a result of the reunification, the privatization and the liberalization of the economy have accelerated. Despite the huge difficulties resulting from the reorganization of public administration and involving increases in public expenditure, the overall economic performance improved in the first half of 1990. The agricultural sector (including fisheries) in the southern and eastern

governorates (formerly Democratic Yemen) has expanded as a result of the relaxation of price controls on agricultural and fishery products. It is expected that the private sector will increase its investment in services, housing and manufacturing, given the incentives provided to that sector.

II. IMPACT OF THE GULF CRISIS ON ECONOMIC DEVELOPMENT

20. In addition to the catastrophic damage done to the enviroment in the Gulf area, the Gulf crisis has affected every aspect of economic and social life in Western Asia. The crisis broke out at a critical time in many countries of the region, aggravating fundamaental economic and social problems facing them.

21. The overall economic and social performance and prospects of the ESCWA countries have been adversely affected by the crisis, owing to the close link among the economies of the region which has developed and deepened during the past two decades. However, the impact of the crisis varies from one group of countries to anotner.

A. Gulf Cooperating Council countries

1. International oil markets

22. The Gulf crisis has four major effects on the international oil markets:

(a) The loss of Iraqi and Kuwaiti oil exports from the world market;

(b) Sharp fluctuations in oil prices;

(c) Decisions by other oil-exporting countries to increase production;

(d) Maintenance of unusually high levels of commercial and governmental stocks of oil.

23. The sudden cessation of Iraqi and Kuwaiti exports and the political uncertainties in the region initially increased oil prices to more than double their pre-crisis levels. Thereafter, world suppliers made up for most of the lost Iraqi and Kuwaiti exports. The increase in production from oil-exporting countries, especially from Saudi Arabia and the United Arab Emirates, coupled with the decrease in demand from OECD countries and the slowdown in economic growth, contributed to making the adjustment to the crisis reasonably smooth. The balance between world supply and demand held through the end of 1990.

24. To compensate for the sudden loss of Iraqi and Kuwaiti production, OPEC and non-OPEC countries with excess capacity started to increase production. At an ad hoc meeting in Vienna, held on 29 August 1990, OPEC agreed to allow member countries to raise oil production without restrictions, so that they could make up for the loss of Iraqi and Kuwaiti oil exports.

25. By November 1990, total oil production of the OPEC member countries amounted to 22.9 million barrels per day (b/d), thus exceeding their total production quota of 22.49 million b/d and only 0.6 million b/d below their total oil output in July. This difference was more than covered by increases in supply by non-OPEC oil-exporting countries such as Mexico, Norway, the United Kingdom and Oman. By December 1990, Saudi Arabia increased production by 3.2 million b/d over its July level, Venezuela by 400,000, the United Arab Emirates by 400,000, Iran by 365,000, Libyan Arab Jamahiriya by 245,000, and Nigeria by 210,000.

26. Although world oil production was generally in balance with world demand throughout the crisis, it has approached full capacity, notably in Saudi Arabia, the United Arab Emriates and Venezuela.

2. Oil prices

27. At the beginning of 1990, the crude spot prices averaged $19 per barrel - i.e., $US 1/barrel over the $18/barrel OPEC reference price. The increase in oil prices was mostly attributed to an increase in world demand and a decline in the production of non-OPEC members, especially the United States, the North Sea countries and the Soviet Union. These developments led to an increase in demand for OPEC oil and encouraged some member countries to increase production. However, the result of overproduction was a drop in oil prices to an average of $14/barrel by June 1990.

28. Following the eruption of the Gulf crisis, oil prices rose sharply. The average price of the basket of seven OPEC crudes increased from its $15.68 per barrel level, recorded in July 1990, to $24.89 per barrel in August and continued its rise through October, when it registered $35.58 per barrel, which was its highest monthly average in over nine years. When the shortage in supply caused by the unavailability of Kuwaiti and Iraqi oil was overcome, the average spot price of the OPEC basket of seven crudes fell in November 1990 to $31.04 per barrel and in December 1990 to $26.17 per barrel. For 1990 as a whole, the average spot price of OPEC basket of seven crudes was $22.17 per barrel, a 28.1 per cent increase over its $17.31 per barrel level registered in 1989.

29. The oil sector in the GCC countries has benefited from high oil prices. In 1990, the GCC countries, with the exception of Kuwait, enjoyed higher oil revenues. Total revenues increased by 21.4 per cent, to $61 billion in 1990, as a result of higher prices and increases in production. However, the crisis led to an increase in expenditures related to the Gulf crisis. Saudi Arabia, for instance, which enjoyed a higher rise in oil revenues, was forced to increase government spending. It is estimated that Saudi Arabia's oil revenues increased by about $10 billion during the last five months of 1990. However, there were indications that the expenses related to the crisis were larger than the additional revenues.

3. Non-oil sectors

30. The Gulf crisis has radically altered the general economic environment and development prospects in the GCC countries. The optimism that was prevalent in the non-oil sectors prior to the Gulf crisis was replaced by uncertainty and a loss of confidence. Various planned industrial and construction projects were postponed. Owing to the higher prices of imports (mostly caused by higher war-risk insurance premiums), the reluctance of commercial banks to provide credit lines, the departure of expatriates and arising uncertainty associated with a politically unstable environment, trade activities were curtailed.

31. The most obvious negative impact of the Gulf crisis on the region's banking sector in 1990 was the large reduction in private bank deposits and the transfer of those deposits to safe havens abroad ("capital flight"). Despite the generally positive actions taken by the authorities in the GCC countries, many international banks rapidly withdrew from the Gulf region.

B. More diversified economies and Yemen

32. The economies of these countries were seriously hit by the developments following the Gulf crisis during the second half of 1990. The crisis put severe constraints on economic growth and development by aggravating the already persisting external and internal economic imbalances. The crisis also disrupted economic relations among the countries of the region. The immediate effects were seen in the displacement of a large number of nationals from Egypt, Jordan, Lebanon and Yemen, working in the GCC countries and Iraq, the disruption of trade flows, the loss of worker's remittances, and the decline in export earnings and financial assistance.

1. Employment and remittances

33. Yeman and the countries with diversified economies are the most populated countries in the ESCWA region. A number of them enjoy a reasonably developed institutional and human infrastructure, enabling them to be exporters of skilled and unskilled labour to the GCC countries and Iraq (the latter being a net importer of labour since mid 1970).

34. The economic boom in major oil-exporting countries of the region during the 1970s and early 1980s attracted millions of workers from the rest of the region. It is estimated that in the mid 1980s the number of migrant workers from the non-GCC countries to the GCC countries and Iraq was around 3 million. However, by the mid 1980s, the demand in GCC countries for expatriate labour started to decline as a result of the recessionary conditions prevailing since 1983. This coincided with the completion of several major infrastructural projects. The drop in migration to GCC countries, coupled with the increase in returning migrants to their countries of origin led to a decrease in worker's remittances and an increase in unemployment in the labour-supplying ESCWA countries. Moreover, the end of

the war between Iraq and Iran in 1988 reduced the Iraqi demand for expatriate workers. Egyptians constituted the greatest portion of migrant workers in Iraq. It is estimated that the number of migrant workers from Egypt in Iraq declined from 1.8 million to 900,000 in 1990.

35. The eruption of the Gulf crisis forced hundreds of thousands of migrant workers to leave the GCC countries and Iraq, leaving behind their savings and properties and adding a further burden to the already recessive economies of their home countries, which have been trying hard to reabsorb them into their weakened economies. The ESCWA countries that received the largest number of returnees were Egypt (700,000), Jordan (220,000), Lebanon (60,000), the Syrian Arab Republic (170,000) and Yemen (800,000).

36. The Jordaninan returnees from the Gulf, mostly from Kuwait, are estimated at 220,000. Given that Jordan's population was estimated at 3.2 million in 1990, the returnees have caused a sudden 6.9 per cent rise in the country's population and an increase in the unemployment rate from 16 per cent prior to the Gulf crisis to over 30 per cent. The Jordanian Government faces the task not only of providing essential basic services for returning Jordanians but also of providing for their reintegration into an economy that was already contracting. According to Yemeni officials, 30,000 Yemenis returned through Jordan, and an additional 850,000 suddenly returned from Saudi Arabia. The impact of their return has been overwhelming; it amounts to an abrupt 9 per cent increase in population and about 15 per cent of the labour force. Moreover, a large portion of the returnees have lived abroad for many years and had few links back in Yemen. This has added to the difficulty of reintegrating them into the economy and society. As indicated above, workers' remittances had been a major source of foreign exchange for ESCWA labour-supplying countries. For Yemen, the remittances were a means of offsetting the country's persistent and large trade deficits. It is estimated that remittances accounted for over 40 per cent of Yemen's total foreign exchange earnings.

2. Trade and other services

37. The GCC countries and Iraq have been major markets for the exports of goods and services produced in many countries of the region. The Gulf crisis disrupted economic and trade relations among the countries of the region. The embargo imposed on Iraq and Kuwait, following the eruption of the crisis, resulted in the loss of two important export markets, particularly for Jordan and Lebanon. Moreover, unfavourable political and economic conditions created by the crisis weakened the demand in the GCC countries for goods and services produced in other countries in the region, especially Jordan and Lebanon. Tourism, which also represents a major source of foreign exchange for many countries in the region, especially Egypt and Jordan, was also severely hit by the crisis.

3. Flow of external financial resources

38. The flow of external financial resources, especially from the GCC countries (and to a lesser extent from Iraq) to other ESCWA countries, has helped finance trade and budget deficits in those countries and contributed significantly to the investment activities in various sectors of their economies. The decline in the financial flows to those countries during the second half of the 1980s forced them to rely heavily on external borrowing to compensate for the decline.

39. The external debt of the heavily indebted countries in the region, such as Egypt, Jordan and Yemen, has become an obstacle to growth and development and is threatening to jeopardize existing levels of consumption and investment. The external debt of the region is estimated to be over $150 billion in 1989. In Jordan, the external debt as a ratio of GDP exceeds 100 per cent, and in Egypt, it is considered close to that. The economic and political developments arising from the Gulf crisis will aggravate the existing debt problems of several countries in the region - in particular, those of Jordan, Iraq and Yemen. The existing debt problems of both Egypt and the Syrian Arab Republic have been softened by the release of their debt to the GCC countries and the significant financial aid received by them following the Gulf crisis. Furthermore, Egypt has been released of its military debt to the United States, estimated at $6.7 billion; its financial losses caused by the Gulf crisis are thus significantly reduced, especially those involving workers' remittances, tourism and Suez Canal dues.

4. Adjustment policies and reforms

40. To cope with the economic imbalances persistent in several countries of the region, Governments have been pursuing adjustment and economic reforms. Jordan, which started to experience an economic slowdown in 1983, mainly as a result of the recessionary conditions in most GCC countries, tried to deal with the imbalances within the framework of a five-year development plan (1986-1990). However, the assumptions made in the plan did not materialize, and the economic situation deteriorated rapidly during 1986-1987. Consequently, an economic adjustment programme was formulated in cooperation with IMF and the World Bank, covering 1989-1993. The Government adopted proper policies for the implementation of the adjustment programme. Limited success has been attained in coping with the trade deficit, external debt, budget deficit and stability of the Dinar exchange rate. Imports dropped by 22 per cent, while exports increased by 9 per cent in 1989 over 1988. External debt service was rescheduled, and the budget deficit reduced from $166 million to $104 million. In Egypt, the Government continued its adjustment policies, and further austerity measures were implemented, including a reduction in subsidies and other public expenditures.

41. The Gulf crisis has compounded the already existing difficulties and problems associated with adjustment policies. Moreover, it has created additional problems, resulting in a widening of trade and budget deficits and an increase in unemployment. These problems will increase the social cost of implementing adjustment policies and programmes.

III. IMPACT OF THE GULF CRISIS ON SOCIAL DEVELOPMENT

42. Several Arab conferences and Pan-Arab instruments in the field of social development have adopted a concept of social welfare in which "welfare" connotes care for the needy and is oriented towards dealing with the negative consequences of the process of social change and towards specific groups, such as youth, women, disabled persons, the elderly, juvenile delinquents, displaced persons and refugees, drug addicts etc.

43. Furthermore, the International Development Strategy for the Third United Nations Development Decade calls for the promotion of human and social development, with the reduction and elimination of poverty and a fair distribution of the benefits of development. It also demands that groups such as women, youth and children and areas such as depressed rural areas be given special attention.

A. Major issues

44. Owing to the Gulf crisis, the social conditions in most countries of the ESCWA region had undergone profound changes whose negative effects are expected to last for a long time. The changes in social conditions are expected to be sweeping and far-reaching, affecting all countries of the region, irrespective of their level of economic development or social system. Moreover, the changes are expected to affect all segments of the population, with much greater negative impact on vulnerable groups such as youth, women, the elderly, the disabled, delinquents, and displaced persons and refugees.

45. The Gulf crisis has added additional social problems to the already existing ones, especially with regard to the forced migration of large numbers of people as a result of the wars and political disturbances that took place in the region prior to the crisis. Thus, the severe socio-economic difficulties emanating from the crisis are expected to intensify the negative effects of the deteriorating social conditions in various countries of the region, particularly with regard to mass poverty, unemployment, sharp contrasts in living standards, prevalence of internal violence and social conflicts, weakened family ties and cohesion, juvenile delinquency, increasing numbers of refugees and displaced persons, and the rising disruptive and self-damaging modes of behaviour that are socially and morally unacceptable to all societies in the ESCWA member States.

46. With the worsening of social conditions in the ESCWA region, many member States will be forced to expend additional resources to cope with the rising

negative effects and social barriers resulting from the crisis. Such a situation will necessitate the design, development and implementation of adequate measures by the concerned member States to handle some of the pressing requirements of the new, emerging social conditions.

B. Selected issues in the near future

1. Disabled persons and refugees

47. The political and socio-economic developments following the Gulf crisis have forced a large number of people to leave, suddenly and unexpectedly, their places of work and residences in the host countries and return to their home countries. Such movements have increased the rate of unemployment and will make any of the displaced persons and refugees more vulnerable to social misbehaviour and deviance from standards of social behaviour which is accepted by the societies in which they live. The tendency for social deviance and misbehaviour is expected to be greater among young persons who lost their sources of income and have been unable to find new sources. Such a situation, if allowed to continue without corrective measures, will no doubt lead to more political and socio-economic disturbances in the concerned countries.

2. Disabled persons

48. The ESCWA region, even prior to the Gulf crisis, was facing an acute problem with regard to the rate and types of disability caused by the prolonged conflicts in some countries of the region, especially by the civil war in Lebanon, the Iran/Iraq war and the repeated confrontations between the Israeli authorities and the Palestinian people. (The range is estimated to be 10 per cent of total population.)

49. The Gulf crisis will place additional constraints on the existing limited resources available to deal with this important issue, which has been further aggravated and intensified as a result of the lack of effective measures to integrate disabled persons into the social and economic life of their respective societies.

3. Crime prevention and drug abuse control

50. In recent years, the rapid growth of crime and rising incidents of drug abuse have become serious and pressing problems facing several countries of the ESCWA region.

51. The lack of regular and productive work, the erosion of social values due to rapid urbanization and modernization, changes in the nature and structure of the family and the absence of familial social support systems created as a result of forced migration and displacement of persons - all of these factors lead to an increased level of crime and drug abuse in the ESCWA region.

52. In addition, the worsening economic situation, coupled with the prolonged armed conflicts in the region, may contribute to encouraging young unemployed persons to obtain illegal arms and drugs and thus aggravate the already existing serious problems relating to violence and drug abuse.

53. In view of the above-mentioned social constraints, it is strongly recommended that effective preventive measures be seriously considered by the relevant institutions with a view to designing comprehensive programmes and strategies for the control and prevention of drug abuse and the treatment of offenders.

4. Women, youth and the elderly

54. The youth population in the ESCWA region is estimated to be around 20 million, with the highest percentage (23 per cent) in Jordan and the lowest percentage (10 per cent) in the United Arab Emirates. The expansion of urban societies, prolonged armed conflicts in the region, and increased living costs in some countries have forced women to seek employment and contribute to the income of the household.

55. However, due to the recent Gulf crisis, it is estimated that thousands of families lost their source of income from heads of families. Such a situation will lead to additional burdens on women, who will be forced to seek sources of income outside the home in addition to carrying out their traditional household duties, including the care of children. The prevailing severe economic conditions in some countries of the region and the scarcity of job opportunities will force some women to behave in a manner that may be socially unacceptable in their societies. Therefore, there is urgent need to design and develop new policies and programmes to cope with the conditions emerging from the current crisis.

56. Although the age structure of countries of the ESCWA region is young (the percentage of the elderly 60 years and older is about 5 per cent), the dominance of the single female elderly population (widows) in most countries of the region will affect the pattern of family support, bread-winning and care, since such women are most likely to be financially dependent. In the past, the countries of the region have been heavily dependent on the family for the care of the elderly.

57. Although the concept of family support of the elderly is still a characteristic feature in the region, the complexities of life, forced migration and displacement of families, urbanization and modernization have to a great extent detracted from family solidarity and created additional burdens for a large number of families.

58. The need for social services for the elderly and the coverage of that need by both the public and private social service networks will increase. New policies in the field of aging, such as flexible retirement schemes, vocational training and income security schemes, should be fully explored and utilized.

59. Finally, the active participation of voluntary organizations in the care of the elderly should be promoted, together with efforts at conserving essential family services.

Notes

1/ There are three types of countries in the region: oil-dependent Gulf Cooperating Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates); countries with diversified economies (Egypt, Iraq, Jordan, Lebanon and Syrian Arab Rebublic); and the least developed country in the region (Yemen).

2/ On 22 May 1990 the Yemen Arab Republic and the People's Democratic Republic of Yemen, the least developed countries in the ESCWA region, merged to form a single sovereign State called the Republic of Yemen.

UNITED
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General Assembly

Economic and Social Council

Distr.
GENERAL

A/46/206
E/1991/93
12 June 1991

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-sixth session
Item 83 of the preliminary list*
OPERATIONAL ACTIVITIES FOR DEVELOPMENT

ECONOMIC AND SOCIAL COUNCIL
Second regular session of 1991
OPERATIONAL ACTIVITIES FOR
DEVELOPMENT

Operational activities of the United Nations system

Note by the Secretary-General

1. The 1991 annual report of the Director-General for Development and International Economic Cooperation on operational activities for development is presented herewith (see annex).

2. General Assembly resolution 44/211 of 22 December 1989 on the comprehensive triennial policy review of operational activities for development of the United Nations system contains a number of specific requests addressed to the governing bodies of the organizations of the United Nations system, to the Secretary-General and to the Director-General for Development and International Economic Cooperation, as well as to Member States.

3. Against the backdrop of the challenges of the 1990s, the report contains the information requested by the Assembly, including information on resource trends, United Nations field representation and action taken in a number of specific areas covered by the resolution, including programming and national execution, as well as on implementation of the three-year timetable in relation to the timetable established in 1990.

4. The report also deals with other resolutions of the General Assembly, notably resolution 44/171 of 19 December 1989 on the integration of women in development and resolution 45/188 of 21 December 1990 on entrepreneurship.

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ANNEX

Report of the Director-General for Development and International Economic Cooperation on operational activities for development

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I. INTRODUCTION

1. The present report covers a range of interrelated thematic and ongoing issues which concern operational activities for development and which arise from specific requests addressed by the General Assembly to the Director-General for Development and International Economic Cooperation. It starts by reviewing briefly the major challenges now facing developing countries and some of the main responses they can make to them through internationally agreed strategies. The response of the United Nations system to these challenges, in the context of the reforms sought by General Assembly resolution 44/211, are analysed throughout the report. It provides comprehensive information on development resource flows for 1986-1989.

2. The report contains two specific, thematic sections that deal with women in development, in accordance with General Assembly resolution 44/171, paragraph 10, and entrepreneurship, in accordance with paragraph 7 of General Assembly resolution 45/188.

3. A major part of the report continues to deal with the implementation of General Assembly resolution 44/211. In accordance with paragraphs 15 and 16, this year's report pays special attention to the field representation of the United Nations system, including the provision of multidisciplinary advice and the functioning of the resident coordinator system. Moreover, it provides updated information on various areas covered by the resolution, including collaborative programming, national execution, the integration of non-emergency food with other development resources and simplification and harmonization of procedures. The report also supplies information on the implementation of the three-year timetable as requested by the Assembly in paragraph 29 of resolution 44/211.

4. In addition to the main report and its annex, there are three addenda which contain supporting information: addendum 1 on statistical information; addendum 2 on women in development and on entrepreneurship; addendum 3 on field representation, national execution and common premises.

II. MAIN TRENDS

A. Overview of some acute problems

5. Many parts of the world have undergone important political changes this past year. While there are many hopeful signs at the beginning of this decade - the fifth decade of operational activities for development within the United Nations system - old challenges persist, and formidable new ones have emerged. Thus, at a time of rapid political change, exemplified by a new phase of constructive cooperation in East-West relations, and by political reforms in all regions of the world, leading to an increasing number of freely elected governments, the economic gap between the industrialized North and the developing South is widening.

Financing of development

6. This past year has been marked by still worsening economic difficulties in most parts of the developing world, particularly in Africa and Latin America and the Caribbean. External debt and the falling terms of trade of non-oil-exporting developing countries, greatly burden many of them. Although adjustment programmes have improved prospects for growth in some countries, low growth rates, inflation and external imbalances are a continuing cause of alarm for most of them. Stagnation continues in most of the highly indebted developing countries. Diminishing capital inflows and the continuing weakness of most primary commodities have increased the debt-servicing problems of many developing countries. Thus, an early and lasting solution of the debt problem is critical for the recovery of their economies.

7. There are major limitations to the present international strategy for restructuring commercial bank debt: debt service relief is not substantial and does not meet medium-term cash flow needs. There is a tendency for debt reduction to be shaped by political reasoning rather than by a consistent approach to needs and the debt profile of the debtor country. Similarly, debt relief on official bilateral debt is not consistently based on economic criteria and the reduction of this debt is not being adequately addressed. The World Bank has identified close to 50 countries as remaining severely indebted. The debt to multilateral institutions remains large. The Secretary-General has initiated efforts to help solve the external debt problems of developing countries and the reports of the Secretary-General and his Personal Representative on Debt led to the adoption of General Assembly resolution 45/214 of 21 December 1990. Its full implementation deserves the highest priority. The operational activities of the United Nations system will continue to play a crucial role in assisting developing countries, particularly the poorest and weakest, in finding equitable and durable, development-oriented solutions. Since the 1980s the total external debt of the developing countries has soared to approximately $1.3 trillion dollars and total debt-servicing is exceeding $140 billion dollars a year. Urgent measures are thus needed to reverse the net overflow of resources from the capital-importing countries.

8. In the present international environment there remains a danger that the desperate plight of Africa and of the least developed countries becomes marginalized. In this connection, the evolution in East/West relations should not lead to a reduction in aid to developing countries. Of interest in this regard are the conclusions of a recent colloquium on the impact of the changes in East/West relations on the economic growth and development of the developing countries, held at Algiers from 4 to 6 May 1991, which was convened within the framework of the preparation of the special high-level meeting scheduled to take place in Geneva in accordance with General Assembly resolution 45/182 of 21 December 1990. It concluded, inter alia, that:

> "All efforts should be made to avoid the possible negative impact of the East-West evolution on the economies of the developing countries, and in particular the possible diversion of financial resources. The extensive

mobilization of official and multilateral financial support for the East by Western countries does not seem as yet to have diverted flows from developing countries. However, as disbursements accelerate and the levels increase, the danger of diversion will grow, unless new funds are mobilized." a/

Population and human development

9. Economic growth is not keeping pace with population increases in developing countries; this continues to represent a major challenge. World population, which stands at 5.4 billion, is growing by more than 250,000 people each day; 95 per cent of this growth will be in developing countries. The largest numerical increase will be in Asia, but the largest relative increase will take place in Africa (3 per cent per annum). The largest growth in the population of developing countries in any decade in history will occur in the 1990s, well over 20 per cent. In consequence, the number of poor people in developing countries is likely to increase if policies are not changed; it is estimated that about 1.2 billion people live in absolute poverty in developing countries. The population issue is now included in international and national development strategies because it is an intrinsic part of economic and social development. The operational response of the United Nations system will require increased cooperation through comprehensive programmes in support of national efforts.

Poverty and hunger

10. The issue of poverty eradication is one of the central concerns in the operational activities of the United Nations system. Both public and private resources are being harnessed to implement broadly supported strategies, in this era of greater accountability of governments, in pursuit of:

(a) Better standards of living and enhanced incomes through more employment; b/

(b) A safer and healthier environment;

(c) Higher and more stable levels of nutrition;

(d) Broader access to health, education and training;

(e) Reductions in mortality and increases in life expectancy.

There is a growing consensus that the eradication of poverty and the adoption of broad social strategies require dynamic economic growth, effective population programmes, long-term commitments to human development and environmental sustainability. Basic education and primary health care programmes remain major priorities for human development.

11. Poverty and hunger affect a large part of the population in developing countries. These problems are becoming more acute in urban areas as a result of rapid rural-urban migrations. According to estimates of the World Food Council (WFC/1990/2), at the end of 1989, some 550 million people were poor and undernourished and the number of hungry people appears to be increasing. Although the majority of undernourished people still live in Asia, the largest increase is occurring in Africa. Close to 40 per cent of the population in sub-Saharan Africa are estimated to live in hunger; 180 million children (1 in 3) suffer from serious malnutrition. The operational activities of the United Nations system are increasingly focused not only on adequate food supplies, but also on such underlying issues as enhanced purchasing power of the poor, food price questions, needs of small farmers, agrarian reform, and food aid for cash programmes. The United Nations system must tackle the challenges of the 1990s through increased integrated cooperation, based on the new approaches developed over the past few years and the practical experience acquired to date.

Refugees and displaced persons

12. The flow of refugees and displaced persons has unfortunately increased. In addition to the pressure they exert on scarce resources in already-poor areas, they constitute a singularly dramatic challenge to the United Nations and the entire international community. There are about 16 million refugees today, mostly women and children, and the number has been growing in recent years. An additional 20 million are estimated to be internally displaced because of civil strife or other violent causes. Solutions to the problems of refugees and displaced persons (a category which still remains ill-defined) require a focus on the linkage betweem political, economic, social and environmental factors. Refugees, displaced persons and returnees are the subject of an important United Nations system-wide review on which the Secretary-General will report in accordance with Economic and Social Council resolution 1990/78.

Acquired immunodeficiency syndrome (AIDS)

13. The human and financial implications of the AIDS pandemic are being felt in more and more developing countries. The cumulative total of adult AIDS cases projected by the World Health Organization (WHO) for the year 2000 is close to 10 million, of which 90 percent will be in the developing countries. The total number of persons infected with the human immunodeficiency virus (HIV) is projected at 40 million, of which 20 million will be children. Already overburdened health facilities risk being completely overwhelmed. Moreover, the social and economic implications of the pandemic, due to its concentration among the more economically active segments of the population, are increasingly disquieting and need to be addressed more vigorously, inter alia, through the operational activities of the United Nations system, organized along multisectoral lines. The experience acquired in the WHO/UNDP Alliance to Combat AIDs constitutes an effective basis for future action.

B. Response by the United Nations system

14. Major international strategies adopted in 1990 are setting important goals for operational activities. The Declaration on Development and Economic Cooperation adopted by the General Assembly at its special session in April 1990 (resolution S-18/3) refers to a global consensus for the "revitalization of economic growth and development of the developing countries, so as to realize the basic rights of all human beings to a life free from hunger, poverty, ignorance, disease, and fear". It recognizes that "the United Nations system has a large role to play in international cooperation for revitalizing development in the 1990s".

15. By its resolution 45/199 of 21 December 1990, the General Assembly adopted the International Development Strategy for the Fourth United Nations Development Decade (IDS). Paragraph 14 of the International Development Strategy refers to six interrelated goals which provide the basis for an effective response to the acute problems of poverty. The Strategy assigns particular importance to human development. It notes that basic education, and particularly greater access to education for girls and women, are prerequisites for raising the living standards of the poor, rural population. It emphasizes primary health care, sanitation, safe drinking water and nutrition, with special attention to the needs of women and children. In view of the multisectoral nature of these goals, the International Development Strategy calls for integrated development programmes. This has implications for the future programmes of the United Nations system; they, too, will increasingly demand multisectoral integration in support of national strategies. The focus on external economic issues reflects a growing interdependence between questions of international trade, external development finance, debt, structural adjustment, on the one hand, and the economic growth and social development of the developing countries, on the other hand.

16. Actions by other intergovernmental bodies of the United Nations system have further elaborated the goals for the 1990s, including the Programme of Action adopted by the Second United Nations Conference on the Least Developed Countries, the Declaration and Plan of Action of the World Summit for Children, the Jomtien Conference on Education for All, the Amsterdam Declaration on Population, the Global Strategy for Shelter for the Year 2000, and the Long-term Strategy for the Food and Agriculture Sector. Important new initiatives involve the action plan on drug abuse control and the crucial work being done in the preparation of the United Nations Conference on Environment and Development in 1992.

17. These actions by the international community and several other important initiatives taken at the start of this decade illustrate the interdependence of nations. They are linked by a broad range of issues and by the movement of ideas and people. Environmental threats, movements of refugees and displaced persons as a result of conflicts or natural disasters, epidemics, the illicit traffic in narcotics are among the issues which require an international response. The operational implications of the challenges of this decade are discussed below, at least in a preliminary fashion. A coherent, comprehensive approach remains a high priority in the planning of the operational activities of the United Nations system.

18. In response to the acute problems facing developing countries, and on the basis of the strong international consensus which has been reached on goals and themes for the 1990s, the United Nations system is taking action to meet specific national circumstances and requirements. Moreover, as described in more detail in section VI below, positive and practical steps were taken and continue to be taken on a variety of fronts in pursuit of these goals. They include improved coordination and coherence of the system, within existing mandates; increased delegation of authority with enhanced accountability; fuller use and strengthening of national capacities; more substantive guidance; and provision of multidisciplinary support to integrated development programmes.

19. With respect to the goals established for the 1990s, a first practical step was the issuance, in April 1991, of an initial guidance note to resident coordinators and country teams on development goals and strategies. The note, prepared within the framework of the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)), is advisory in nature and will serve as a basis for a dialogue with Governments and other appropriate action by country teams in the unique context of each country. Such action is fully expected to take full account of national strategies. The note is supplemented by brief summaries on priority activities which the organizations of the United Nations system are ready to support in the implementation of the strategies for the 1990s.

20. As a follow-up to the World Summit for Children and General Assembly resolution 45/217 of 21 December 1990, a letter was sent to resident coordinators, in early May 1991. Given the multidisciplinary character of the development goals set out in the Plan of Action, and the strong, world-wide political support of these goals that will accrue in the 1990s from the implementation of the World Declaration on the Survival, Protection and Development of Children, the organizations must make a comprehensive and coordinated effort. Resident coordinators have been invited to discuss with their United Nations colleagues how best to ensure that the various programmes and technical expertise of the organizations will reinforce national strategies and initiate action towards its goals and objectives.

21. The organizations are taking other important steps, individually through actions by the respective governing bodies and by secretariats, and collectively, through the Administrative Committee on Coordination (ACC) and the Joint Consultative Group on Policy (JCGP), to improve operational activities for development so as to meet the requirements of the developing countries and the international goals set by Member States. Many of these actions fall within the broad policy guidelines set out in General Assembly resolution 44/211 on the comprehensive triennial policy review of operational activities for development of the United Nations system, adopted on 22 December 1989. c/ Various parts of this report provide details on progress made.

22. The governing bodies of the organizations of the United Nations system generally supported resolution 44/211 and took specific action in the areas

which it covered (see sect. VI). Some specific points were raised, particularly in FAO and WHO. They include matters such as the central funding concept, channels of communication with recipient Governments, the need for a pragmatic approach to coordination and field representation. There is a call for further definition of concepts and a redefinition of the participation of specialized agencies in operational activities for development. d/

23. In the coming months, other intergovernmental bodies will have an opportunity to address such important questions as the funding of development cooperation, field representation and national level support, programming of operational activities, greater national involvement in carrying out programmes and projects, decentralization and accountability. Some organizations (namely ICAO, ILO, ITC and UNIDO) are undertaking fundamental reviews of their structure, operations and procedures in line with the objectives of resolution 44/211. Other organizations (UNCTAD, UNDP, UNFPA, UNICEF and WFP) have issued directives and guidelines to all staff on how best to apply the policies outlined in the resolution.

24. Through CCSQ (OPS) a number of important steps were taken under resolution 44/211. They include the preparation of draft guidelines on enhancing programming processes; support for the review conducted on the current field network (see sect. V); strengthening the resident coordinator system through the issuance of guidelines; agreed criteria for the selection of resident coordinators and of field representatives and improved briefing and other arrangements; initial guidance on the goals for the 1990s; national execution and the full utilization of national capacities; the harmonization and simplification of procedures; and the adoption of an inter-organizational position on common premises (see para. 35 of Addendum 3 of this report), as well as on local and recurrent costs. CCSQ (OPS) is considering the question of increasing procurement from developing countries and underutilized major donors in accordance with paragraphs 21 and 22 of resolution 44/211. It provided the framework for the review of the successor arrangements for support costs. An important new initiative for reinforcing the team approach at country levels was launched in March 1991 by CCSQ (OPS) with the Director-General's strong support. A series of seven workshops was started at the ILO International Training Centre in Turin to strengthen the management of field coordination for senior United Nations representatives. These workshops are jointly financed by the organizations of the United Nations system and a bilateral donor. Resource persons include senior officials involved in operational activities both from outside and within the United Nations system. Initial assessments are promising and a full evaluation will be conducted upon completion of the seven workshops.

25. There are good prospects for the collaborative efforts launched through the Joint Consultative Group on Policy (JCGP), including a pilot initiative in six countries for operational collaboration to combat poverty. e/ Similarly, collaborative action on women in development programmes will take place in three countries. f/ The issue of poverty alleviation in the context of structural adjustment programmes is the subject of ongoing discussion between JCGP and IMF.

26. An effective response to the challenges of the 1990s and the implementation of the provisions of resolution 44/211 require new skills and aptitudes on the part of national and international personnel involved in operational activities for development. Training support will be important in future action by the United Nations system. In addition to training carried out by various organizations through its cooperation programmes for nationals, and through staff training, a new emphasis on system-wide training in common and complementary fields is essential. Greater national involvement in programmes and projects and more collaborative programming will require a comprehensive effort to upgrade and develop skills and knowledge of United Nations system officials and national officials. Such training is most cost-effective when delivered through a network of national and regional training institutions supported by a central United Nations focal point, which would design training programmes, train trainers and provide monitoring and support services. The Director-General intends to explore the feasibility of a United Nations system-wide strategy as part of the comprehensive triennial policy review of 1992.

C. Resource flows: 1986-1989

27. The challenges of this decade will require a substantial increase in resources for operational activities for development. The General Assembly dealt with this question in resolution 44/211, paragraphs 9-12, and the subject was a major point of discussion during the forty-fifth session of the General Assembly. There is an urgent need to provide substantial concessional resources to the developing countries so that they can revive and sustain their economic growth. It is also urgent for the developed countries to meet the agreed international target of 0.7 per cent of gross national product for official development assistance (ODA), as well as the targets established at the Second United Nations Conference on the Least Developed Countries. While a full review of the issues related to resource mobilization is beyond the scope of the present report, resource flows to developing countries are fully updated in the appendix to this report, and more complete data are given in addendum 1. Statistical data on the operational activities of the United Nations system for 1990 and future trends for 1991-1993 are under preparation. They will be submitted directly to the General Assembly at its forty-sixth session and will be available for the 1991 United Nations Pledging Conference for Development Activities.

28. The tables in the appendix provide basic data on resource flows to developing countries from all sources, for the years 1986-1989. Table 1-A provides information on contributions from all sources from 1986-1989; it shows total contributions in nominal terms in 1989 of $9.42 billion. g/ This constitutes an increase of about 30 per cent over 1986. Operational activities increased from $6.57 billion to $8.57 billion, between 1986-1989, i.e. an increase of a little over 30 per cent. In 1987-1988 the annual percentage increase was 13 percent; in 1988-1989 it declined to around 5 per cent.

Figure 1 illustrates table I-A in the appendix on the trend in contributions to operational activities over four years.

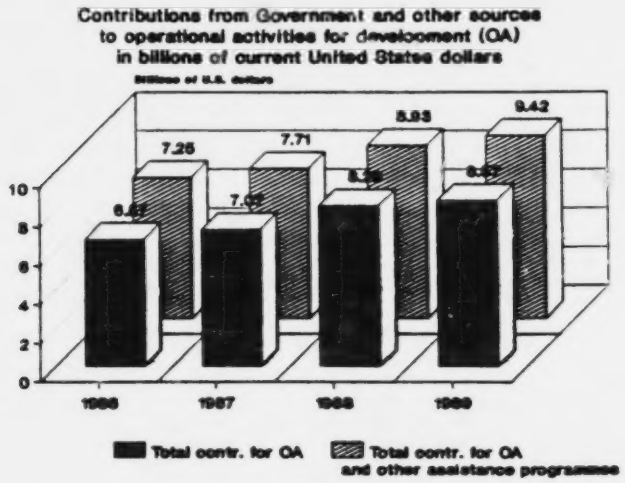

Fig. 1.

Figure 2 shows the distribution of contributions in percentage terms for 1989:

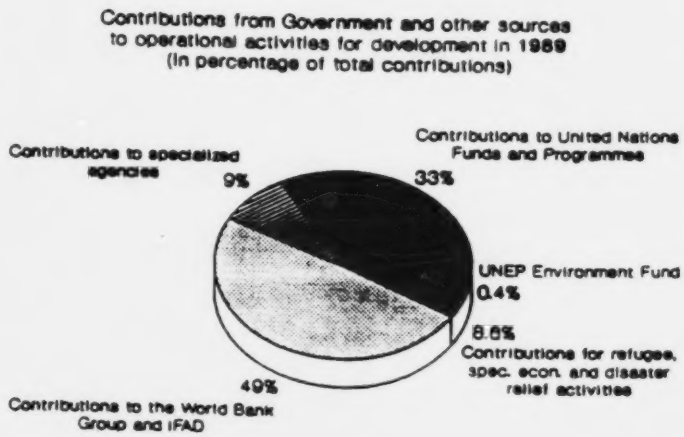
Contributions from Government and other sources
to operational activities for development in 1989
(In percentage of total contributions)
Contributions to specialized agencies
9%
Contributions to United Nations Funds and Programmes
33%
UNEP Environment Fund
0.4%
8.6%
Contributions for refugee, spec. econ. and disaster relief activities
49%
Contributions to the World Bank Group and IFAD

Figure 3 illustrates the trend in expenditure data provided in table II-A of the appendix. Net expenditures on operational activities declined between 1986-1989 from $6.00 billion to $3.38 billion, with a low of $2.78 billion in 1988. The reverse transfer of funds from developing countries to the World Bank accounts for this trend. Total World Official Development Assistance increased during this period from $44.5 billion to $53.1 billion.

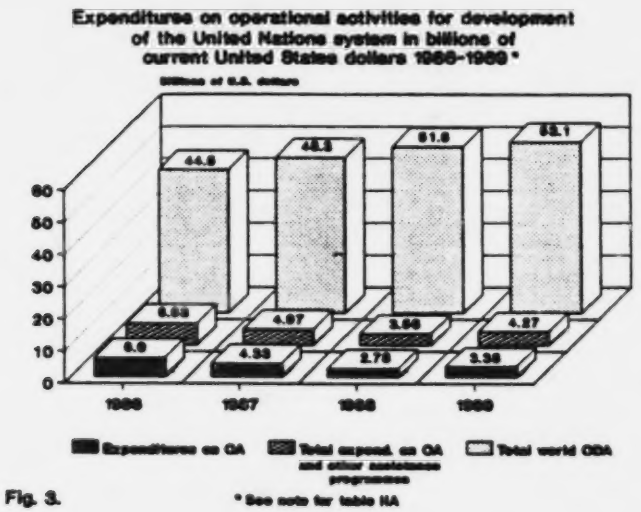

Fig. 3.

* See note for table IIA

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Figure 4 illustrates table II-A in the appendix on expenditures on operational activities for 1989. They were composed of: $3.4 billion in development grants, $3.17 billion in concessional loans, and in repayments of loans by borrowers to the World Bank and IFC of $3.75 billion and $0.7 billion respectively.

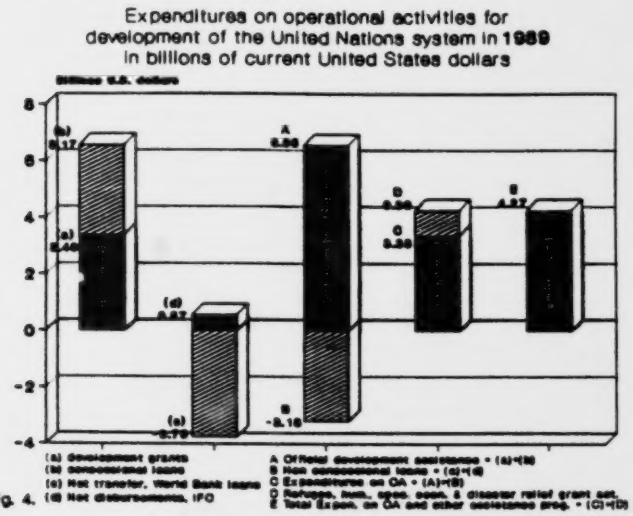

Fig. 4.

III. WOMEN IN DEVELOPMENT

29. By paragraph 10 of its resolution 44/171, the General Assembly requested that the annual report on operational activities should contain a "separate chapter on United Nations efforts to integrate women in development, both as a mainstream and specific activity of the United Nations system, and with particular attention to literacy, education, health, population, environment, employment and participation in decision-making". As has been illustrated in section II, women continue to suffer acute socio-economic hardships in many parts of the world (see Add.2 of this report).

30. For effective economic and social development, women must be recognized as development partners needing the same attention as the male half of the population. This task remains a priority because women play an essential role in the national economy. As the crisis in developing countries grows even more acute, it becomes all the more important to ensure that every individual, man and woman, can fully participate in the development process, as decision maker, producer and beneficiary.

31. The United Nations has played a central role in bringing the issue of women in development to international prominence. The mandates and institutional arrangements of many United Nations organizations concerned with women in development are now in place to enhance women's progress and economic development. Through its diverse technical expertise and varying mandates the United Nations development system is equipped in this field to provide a broad range of programmes of technical cooperation. While they realize and accept the importance of women in development within the United Nations system, many organizations are still elaborating more effective measures to incorporate women into their policies, programmes and projects. This task is one of the main challenges in the future.

32. Over the past 15 years the United Nations has played a catalytic role in promoting the issue of women and development and in creating global awareness of the issue. The central objective of the United Nations organizations which are cooperating in this field is to facilitate "mainstreaming" of women in development as opposed to only separate and small-scale activities. Mainstreaming is designed to make women full participants in the national development process. To achieve this aim, many economic, social and political factors must be taken into account in order to ensure that women have equal access to economic opportunities and resources. An examination of the record shows that considerable advances have been made, although further progress is needed if women are to achieve their full role as the managers, decision makers, producers and beneficiaries of development.

33. Important progress has been made in establishing within the United Nations system the institutional capacity and operational procedures for women in development. These issues are being addressed in policy-making and programming. A number of training programmes, workshops and seminars focus on gender sensitivity. Country programmes increasingly spell out the objectives of women in development.

34. Unfortunately, a number of important programmes, particularly in the statistical and information field, expert group meetings and other international programmes have not included women's issues and must rely heavily on extrabudgetary resources because of limited regular budget funding. The result is that extrabudgetary programmes which are recognized internationally and which have built up knowledge and institutional potential so as to be more active and operational, may not always have secured resources to disseminate and apply fully their capacity to women's development programmes.

35. Evaluation studies by United Nations agencies indicate a need to include more gender-analysis in all formulation, implementation, monitoring and evaluation steps to ensure that women are equitable beneficiaries. In the realm of statistics, the absence of sex-disaggregated data hinders effective planning and implementation of development activities. Accurate, regular and timely gender-disaggregated data, both national and international, are essential to the formulation and monitoring of policies and programmes concerned with women in development. While some progress was made in designing and coordinating statistics and indicators, difficulties remain in the collection of statistical data and in their eventual dissemination in forms useful to officials, researchers and advocates of women in development.

36. Although financial resources for programmes in this field are generally increasing in most United Nations agencies, the central fact is that they are scarce, in terms both of funding development programmes and of institutional arrangements for women in development. Even though solid information on the funding of activities for women in development is difficult to document since they are embedded in mainstream programmes, one of the main constraints appears to be lack of human and financial resources.

37. Social and economic development for women requires their increased participation in the decision-making processes, so as to improve their access to and control over the flow and allocation of resources, and the formulation of public policies. The imperative of promoting equal participation of women in decision-making was underscored in the report of the Secretary-General on the status of women, which noted that "without success in achieving equality in political participation and decision-making the advancement of women will be put at risk in other areas". h/

38. There are some strategic issues concerning women and operational activities for development on which additional steps are required. They include the following:

(a) The United Nations system should pursue its mandate of ensuring full recognition of women's political, socio-economic and producer roles in the development process and equal access to development cooperation. Greater attention should be paid by the United Nations organizations in instituting effective measures to incorporate women's issues into all operational activities;

(b) All identification, formulation, implementation, monitoring and evaluation stages for programmes and projects must address women's issues, and persons familiar with such issues should be appointed nationally or externally to support this work;

(c) The issue of coordinating and monitoring women in development should be a priority for the United Nations system, both at Headquarters and field levels;

(d) Gender-sensitive statistical data systems, providing information on the contribution of women to development and as beneficiaries of development should be further strengthened and coordinated, particularly as a source of information for giving women a larger role in all development programmes;

(e) Women's issues should be fully mainstreamed in the formulation of national development policies and programmes which should form the basis for operational activities supported by the United Nations system;

(f) A higher level of funding for women's programmes and institutions is needed and greater institutional, human and financial resources should be mobilized.

IV. ENTREPRENEURSHIP

39. By its resolution 45/188, the General Assembly recognized the considerable potential of the United Nations system to help foster the role of entrepreneurship in the development process. In response to the requests of countries, it should assist in promoting direct investment and in encouraging the participation of the private sector. Furthermore, the Assembly requested the inclusion in the present report of a section on the activities being undertaken by the United Nations system to promote entrepreneurship in economic development and to make "proposals for enhancing the role of entrepreneurship in the development process ...". Consequently, the report presents the results of a preliminary survey of the capacity and activities of the United Nations system in this area (see Add.2).

40. The United Nations does not have a system-wide strategy for enhancing the role of entrepreneurship in economic development; nor is there an agreed common objective for which all means and actions should be designed. The subject of entrepreneurship has been addressed by various organizations of the United Nations system for a number of years. The striking events of 1989 in Eastern Europe had an energizing impact on many parts of the world. They also affected the decision-making organs of the United Nations system. Long-established notions about the role of government and of the public sector were re-examined.

41. A review of the mandates and activities of the United Nations system in this field reveals that much valuable work is being done in nearly every major United Nations organization. Undoubtedly, given the variety of programmes

being carried out, similar activities coexist and there is scope for improved coordination. Such problems can be handled by existing coordinating mechanisms of the system within the framework of ACC.

42. Since entrepreneurship plays an essential role in development and in the promotion of small and medium-sized enterprises, it is essential that the specialized agencies enjoy flexibility in the design of operational activities, so as to respond to the special requirements of national economies and specific sectors.

43. There is a lack of comprehensive information about the volume, scope and type of activities undertaken by individual agencies. This limits the full exchange of substantive information within the system and limits access by Member States. The systematic flow of information to resident coordinators, and through them to the respective Governments, could also improve the coherence and effectiveness of operational programmes at the country level.

44. In response to the request for proposals contained in paragraph 7 of resolution 45/188, the following might be considered: i/

(a) Establishment of effective information exchange on operational and related activities in this field;

(b) Full utilization, and strengthening where required, of national institutions to promote the private sector, thereby creating an environment conducive to entrepreneurship. This might involve, according to specific national requirements, enhanced support for the development of capital markets, privatization, and the establishment of businesses;

(c) Given its neutrality, universal access to sources of knowledge, its operational and political experience, and the sheer diversity of its activities, the United Nations could make a more significant contribution by providing a forum under its auspices for individual and corporate bodies interested in this field such as representatives of business associations, organizations of the United Nations system, multilateral and bilateral development agencies, banks, government officials and others;

(d) To guide future action, it would appear desirable to enunciate a set of goals based on this first review of mandates and activities of the United Nations system. Indeed, in the future, the organizations of the United Nations system and other national and international organizations could well pursue the following goals:

(i) Support for the creation and maintenance of an enabling environment (policy, legal, regulatory, fiscal incentives, institutional support);

(ii) Effective utilization of human resources (institutional support through local business groups, development of management skills, training, networking);

(iii) Continued support for ancillary services (market analyses, research and development, technological information services, business opportunities and trade databases, assistance in developing and concluding international agreements, access to credit);

(iv) Mobilization of external support (financial provisions, private sector links, regional meetings for direct promotion of investment and trade).

V. FIELD REPRESENTATION

A. Field networks of the United Nations system

45. This section, in response to paragraphs 15 and 16 of General Assembly resolution 44/211, deals with the field networks of the United Nations system, multidisciplinary advice and the resident coordinator system. These subjects have been extensively reviewed within ACC, with resident coordinators and, through them, with other senior members of the United Nations teams in various duty stations. Given the complexity of the issues, their relevance to other questions such as successor arrangements for support costs, the present report can be considered only a small part in a continuing dialogue.

46. This report provides data on field offices and personnel for 1983-1990; it updates the JIU report on field representation issued in 1986, which covered data from 1973-1983. j/ A factual presentation of the current field networks is provided in addendum 3, section I. Additional details are contained in the country-by-country presentation of field representation and common premises.

47. Overall, the field networks of the organizations of the United Nations system have grown modestly but steadily since 1983. The governing bodies of United Nations organizations have continued to approve the opening of new offices or the expansion of existing ones. The range of functions of field offices in some organizations has expanded and diversified over the years. Particular care must therefore be taken in trying to relate the field representation of the entire United Nations system to the volume of operational activities. Requirements at the field level have often expanded and diversified as the nature of programmes, projects and the roles of the development partners has evolved. Thus, a carefully planned extension of the field networks may be desirable when it forms part of a decentralization strategy which provides recipient countries with quality technical services.

48. The field networks are constituted in such a way that each organization responds to its own programme requirements and to the needs of its constituents. This explains both the diversity of the field structure, as originally established by the organizations, and their subsequent development. In opening their offices the organizations have taken into account each country's development status, its planning and coordinating capacities, the volume and content of its programmes and potential needs, and the requests

made for the establishment of such offices. They have also borne in mind the constitutional requirements and their roles relating to representation functions, normative activities, research and analysis, policy advice, operational activities, relations with non-governmental organizations, and administrative and logistical support.

49. The following findings emerge from the data presented in detail in addendum 3 of this report:

(a) In the majority of cases, organizations apply well-established criteria in opening and closing field units. Available data do not permit an assessment of the cost-effectiveness of the current field establishment in relation to the volume of development programmes or indeed the qualitative impact of their technical advice and support. Recent studies in some organizations of the United Nations system, some of which are before their governing bodies, may shed further light on this question;

(b) Governing bodies continue to approve the opening of new offices and determine their functions and structure. Some governing bodies will be considering new proposals this year. Consultations between the various agencies are not held for this purpose, except when it is a question of integrating an agency representation in the field mission of another (i.e. in the cases of UNDP/UNFPA, UNDP/UNIDO, WFP/UNDP or UNDP/DPI);

(c) Changes in location and closures of offices are few and usually reflect compelling local events (e.g. civil strife). Only the Office of the United Nations High Commissioner for Refugees closes whenever a crisis and its consequences are resolved to the extent that a permanent, formal presence is no longer necessary;

(d) The sharp drop in long-term internationally recruited project staff has been offset by a large increase of short-term consultants and nationally recruited staff. Moreover, activities not related directly to technical cooperation have grown, as have the nature and modalities of technical cooperation; this is probably most true of humanitarian assistance. This qualitative change has an impact on the field offices.

B. Multidisciplinary advice and teams

50. The implementation of national strategies in rural development, poverty alleviation, human development, environment population, health, AIDS, and many other priority areas of the 1990s requires increasingly a multidisciplinary programme approach. This concept is firmly rooted in various parts of General Assembly resolution 44/211, particularly paragraph 15. The challenge before the United Nations system is how best to create effective collaborative programmes, based on the comparative advantages of the various organizations and entities.

51. The development of multidisciplinary programmes is primarily the responsibility of the country concerned. The objective of external support through the United Nations system, or other sources, should be to enable the country concerned to make the best use of its own resources, to strengthen these resources and to build up additional institutional capacity. Multidisciplinary advice is most effective when fully integrated into a national strategy.

52. Ever since the establishment of the resident coordinator system, one of his/her responsibilities was to develop the multidisciplinary dimension in sectoral development assistance, taking fully into account the requirements of the country concerned. It was recognized that the extent to which the programmes of the United Nations system can acquire a multidisciplinary dimension depends on the extent to which the programmes of the Government acquire such a dimension. It is a shared task of the system, involving the concept of team leadership by the resident coordinator, who takes into account the technical competence of the specialized agencies. It is particularly important to keep in mind the need to utilize fully or enhance, where required, the country's capacity to undertake multidisciplinary programmes. Any external support obtained through the United Nations system should reflect the substantive requirements at the country level. Such support takes various forms: observation visits by national officials to other countries (study tours); technical advice from staff stationed in the country as part of the United Nations system of field networks; support in mobilizing and organizing local sources of expertise; or missions (sometimes repeated) of externally recruited advisers. (Comprehensive rosters of available advisers were given to resident coordinators by UNDTCD.)

53. Multidisciplinary teams can play a useful role if they are based on specific country needs and not on external considerations. Moreover, the full involvement of responsible national officials with the work of such teams is essential. Experience with UNDP-supported National Technical Cooperation Assessment and Programmes (NaTCAPs) strongly suggests that without such national involvement, the results will not be satisfactory. ACC has now fully endorsed the notion that resident coordinators are in an excellent position to provide the required team leadership in this respect, together with other senior United Nations team members (including organizations not represented in the country). They will determine by consultation with Governments how best to address the substantive requirements of the country concerned.

C. Resident coordinator system

54. Paragraph 15 (b) of the General Assembly resolution 44/211 raises three issues concerned with reinforcing the team-leadership capacity of the resident coordinator: (i) a clarified and strengthened mandate from ACC; (ii) coordination of technical advice and input from the United Nations system; (iii) closer cooperation of the field representation of the United Nations system with the resident coordinator.

55. With respect to point (i), the 1990 annual report described the results of work by CCSQ(OPS) including the preparation of guidelines for strengthening the resident coordinator system (see A/45/273/Add.3-E/1990/85/Add.3). These guidelines constitute an important agreement by the United Nations system. Its aim is to broaden the selection process of resident coordinators; to emphasize the concept of a country team and thus to emphasize also the selection criteria of all field representatives; to promote a spirit of an international development service; to identify common elements that could be included in the terms of reference of all field representatives; to create a team approach through joint refresher training; to strengthen the staff resources of the Director-General for Development and International Cooperation in order to enhance the substantive dialogue with resident coordinators; to provide increased support to resident coordinators in many other ways, including the establishment of inter-agency advisory groups on priority sectors and the broader sharing of information; and to encourage the sharing of common premises and services, unless particular requirements or material conditions impose limitations. These guidelines were later issued by the Director-General to resident coordinators and all executive heads sent them to their field representatives. It is expected that the full implementation of these guidelines will enhance the effectiveness of the resident coordinator system. Their implementation will be monitored.

56. Concerning point (ii), the issues arising from the provision of multidisciplinary advice should be borne in mind (see paras. 50-55). In keeping with specific local requirements, resident coordinators are likely to favour multidisciplinary activities, requested by Governments, which combine local and external sources of advice. There is agreement within the ACC framework to use, as required, the concept of inter-agency advisory groups and lead agencies to address priority development issues. Moreover, at its thirty-eighth session, the UNDP Governing Council is expected to take a decision on the practical application of the successor arrangement for support costs, which includes the provision of sectoral and multisectoral advice through Technical Support Services. Combined with the agencies' existing capacity, this should form the basis for responding to future demand.

57. With respect to closer cooperation between field representatives and the resident coordinator (point iii), a number of factors merit reiteration. As is clearly evident from a reading of the relevant legislation (e.g General Assembly resolutions 32/197, para. 34, 34/213, para. 4, and, most recently, 44/211, para. 2), the resident coordinator is entrusted with overall responsibility for, and coordination of, operational activities of the United Nations system at the country level with Governments having the sole responsibility for the coordination of external assistance. Thus, the functioning of the resident coordinator system is heavily influenced both by the degree of cooperation of the United Nations system and, more importantly, by the strength or weaknesses of the coordinating mechanisms established by the recipient Government.

58. There is evidence of strengthened substantive cooperation with the United Nations system, despite the inherent complexity of the system and its

polycentric tendencies. The World Bank plays an important role in providing loans for technical cooperation and the establishment of a significant field network (see Add. 3, sect. I, para. 10). The nature of cooperation is further affected by the blurring of the original division of labour between funding and executing agencies. (The World Bank lends money for technical cooperation and executes UNDP-supported projects; UNDP finances technical cooperation, executes projects and, through UNCDF, provides interest-free loans; a number of specialized agencies execute projects and mobilize resources directly from donors for projects.) Given this range of factors, which tends to vary according to specific local requirements, a substantial degree of pragmatism is required. The substantive requirements of the recipient country must be reflected as well as the scope and volume of United Nations programmes in that country, and its relative weight compared to total ODA flowing to the country.

59. As stated before, the effective functioning of the resident coordinator system depends to an important extent on the personality of the official concerned, and his or her ability to provide substantive leadership. Areas of ambiguity will remain as an inevitable consequence of the factors described above. They are partly due to the variety of duties the resident coordinator performs (representative of UNDP, DTCD, UNFPA, WFP, UNIDO; special representative of the Secretary General in many countries requiring coordination of humanitarian assistance).

60. Despite this complexity, the resident coordinator system continues to improve. It is particularly effective when substantive coordination, with well-defined objectives, is taking place (i.e. the preparation of NaTCAPs, Round Tables, Consultative Group Meetings and other means of coordinating multidisciplinary strategies). Such well-defined coordination activities tend to mobilize the system and promote cooperation. This is the case in the area of disaster prevention and relief and humanitarian assistance: a number of resident coordinators spend considerable time on these activities with the participation of the agencies concerned.

61. Important progress has been made in the relationship between United Nations information centres and resident coordinators with respect to information as a tool of development (see also Add.3, sect. I, para. 5). Future steps might involve building on this experience by increasingly designating the resident coordinator as information director. In administrative questions, such as local salary surveys and various practical matters to be taken up with the Government, the resident coordinator/resident representative is seen by the entire United Nations system as acting on its behalf. The same applies to the function of designated security official.

62. The Office of the Director-General for Development and International Economic Cooperation took a series of practical steps to further strengthen the resident coordinator system by providing substantive information support on major issues in operational activities and international economic cooperation. Improved communication between the resident coordinators and the Office of the Director-General remains a priority.

63. In view of the many responsibilities of the resident coordinator, the increasing workload, and the need to improve the functioning of this office within existing mandates, consideration should be given to meeting some of requirements of the coordination function through increased logistic support. Indeed, resident coordinators have said that the provision of limited consultancy funds and some support staff are essential to meet the additional substantive requirements of coordination. The scope and complexity of country situations should determine the size of such support; the matter should be reviewed as a priority.

64. A number of conclusions and recommendations can be drawn from the review of field representation which might guide further action:

(a) Changes in the field networks of the United Nations system are within the purview of the governing bodies of the various entities involved; further changes in their field representation are being considered in the context of a review of their organizational structure and procedures. Budgetary constraints and the principle of zero growth, or retrenchment, affect the extent, quality and effectiveness of the field establishment;

(b) Decisions expected by the UNDP Governing Council in June 1991 on the successor arrangements for support costs will affect the provision of technical support, including multidisciplinary advice. Moreover, these decisions will further define the different responsibilities exercised under national execution. They will also affect the workload, nature of work and staffing requirements in the future, both as regards national institutions and the United Nations system;

(c) The reviews and expected decisions are carried out in line with the objectives of General Assembly resolution 44/211. They often involve significant changes in the current division of responsibilities, particularly as regards UNDP-supported technical cooperation. Any additional specific recommendations should therefore await the outcome of these actions;

(d) The practical steps introduced to strengthen the resident coordinator system, such as the guidelines elaborated in the ACC framework (see paras. 24 and 55), the training given to senior United Nations representatives at the country level, and other practical measures reported upon in the present report, should be fully applied and their implementation monitored;

(e) As a matter of priority, logistic support should meet the specific requirements of each country, as a means of providing additional backstopping for some of the functions of the resident coordinator;

(f) Additional conclusions and recommendations may emerge once the various bodies of the United Nations system have completed action on the studies and proposals before them. They will then have to determine whether the sum of these actions by governing bodies and the studies they were based on constitute a sufficient response to the request made in paragraph 16 of

resolution 44/211 and the requirements of the developing countries. To meet the substantive requirements of developing countries in the 1990s, it may be necessary to contemplate additional measures to enhance the effectiveness of field representation.

VI. SPECIFIC ACTION TAKEN IN AREAS COVERED BY GENERAL ASSEMBLY RESOLUTION 44/211

A. Current experience with programming

65. More closely integrated and coordinated programming of United Nations system cooperation, based on overall national programme frameworks prepared by recipient Governments, was the subject of extensive informal discussions during the forty-fifth session of the General Assembly. The ideas contained in paragraph 17 of resolution 44/211, particularly the concept of a document containing the integrated operational response of the United Nations system to national programme frameworks, were issues that remained unresolved.

66. In order to facilitate further exploration of this question, experience acquired at the country level in programming and joint activities in the implementation of programmes is being analysed. Country profiles are being established which, inter alia, document the wide range of practices of the United Nations system in this area, in response to varying national requirements. These profiles tend to illustrate that effective responses to different national contexts have evolved. A better sharing of this experience in the future would be most helpful in extending collaboration; steps in this direction are being taken.

67. There is a growing trend towards substantive collaboration among United Nations organizations. The nature of this collaboration is, of course, strongly influenced by the attitude of the Government towards greater integration. In some countries, Governments have formulated a plan or strategy, which is a general reference point of United Nations collaboration. In other cases, particularly in emergency conditions, either due to civil conflict, natural disaster or other causes, United Nations cooperation is highly concentrated and closely integrated with national efforts. In almost all countries where a number of United Nations organizations are represented, regular programming discussions are made. Increasingly, meetings of resident coordinators include in their agendas substantive issues in line with national priorities. Joint action is still more clearly articulated at the implementation stages, rather than at the earlier programming stages. Where applicable, general policy-oriented coordination tasks such as Round Table meetings, Consultative Group meetings, structural adjustment programmes and NaTCAPS, provide the impetus for joint action. Collaboration can be impeded whenever the Government lacks a framework for collaborative action. In a number of cases, the focal point for common action is a sectoral ministry, which can inhibit a wider integration along multisectoral lines. On the other hand, a sectoral ministry can provide the impetus for a positive approach to communication.

68. Moreover, CCSQ(OPS) and JCGP took steps which, when fully implemented at the field level, will lead to substantial progress. As part of this effort, the Director-General has just issued to all resident coordinators a set of draft guidelines on enhancing programming processes. These guidelines, evolved in CCSQ(OPS), encourage greater programming collaboration to meet the unique circumstances of each country; their relevance and feasibility will be monitored closely and necessary adjustments will be made.

69. JCGP organizations have continued to collaborate at the country level in synchronizing their programming cycles with those of the recipient Government. This is being done flexibly with a view to meeting the requirements of Governments. It is reasonable to expect that over the next two to three years JCGP programmes will be more closely aligned with government cycles.

B. Progress in national execution programmes and projects and fuller utilization of national capacities

70. The 1990 annual report on operational activities described the progress made on the subject of national execution (A/45/273, paras. 104-113 and Add.5, paras. 108-113). Delegations expressed considerable interest in this subject during the forty-fifth session of the General Assembly. In order to facilitate further discussion, the Director-General for Development and International Economic Cooperation conducted an updating review, whose main findings are summarized in addendum 3, section II, of this report. A brief analysis of the main findings is provided in this section.

71. From the large number of replies received - about two thirds of the resident coordinators replied - and from information supplied by the various organizations of the United Nations system, a picture emerges of increased resort to national execution. For two of the funding agencies, UNICEF and WFP, national execution is the norm, with variations in application according to national circumstances; it is growing apace for UNDP-funded operations, and even more so for UNFPA activities.

72. Of the more than 70 replies received (30 came from countries in the Africa region, 16 from the Arab States and Europe, 14 from Latin America and 11 from Asia and the Pacific), half indicated that few UNDP projects have so far been designated for national execution. The other half of the replies indicated that a minimum of 20 per cent of projects are following this pattern, with a declared intention of increasing this figure to 50 per cent or more at an early date. In other words, about half of the countries will achieve fairly soon a 50 per cent, or higher, level of national execution for UNDP-supported projects. Latin American and Asian countries predominate in this group, although eight African and six Arab States and Europe also figure among them.

73. There is wide recognition that execution, which covers the management of technical cooperation, is an inherent prerogative and responsibility of

recipient Governments, while in some cases implementation of programmes and projects, which includes operational administration such as the provision of inputs, will be handed over to national institutions when the capacity to meet full operational requirements is reached.

74. Different implementation arrangements are utilized, depending on local needs. There is wide recognition that the technical and administrative requirements will have to be met in a flexible manner, according to the circumstances of each country.

75. The successor arrangements for support costs, expected to be in place by January 1992 for all UNDP-supported projects, will strengthen the separate functions of technical support and backstopping and the administrative and financial aspects of operations. The specialized agencies will continue to have vital roles to play. These range from the provision of administrative support functions required by individual projects to an involvement focused on technical needs of operations. If UNDP is to meet its programme accountability requirements, the specialized agencies are expected to continue their participation in project identification, formulation, monitoring and evaluation.

76. General Assembly resolution 44/211 is aimed at encouraging the specialized agencies to move further towards a role in which they will exchange information, set standards and serve as centres of excellence. They will gradually decrease their involvement in day-to-day administration. This is now being done at the field level through a variety of approaches developed under present rules in keeping with local requirements. The success of arrangements to support costs, which will come into force in January 1992, will further affect the manner in which UNDP-supported operational activities will be carried out in the future. While the choices available to Governments concerning technical partners are expected to expand, the agencies of the United Nations system will continue to play the principal, technical and professional role.

C. Integration of non-emergency food aid with other development resources

77. Further to General Assembly resolution 44/211, paragraph 17 (e), which states "that non-emergency food aid channelled through the organizations of the United Nations system should be programmed coherently so as to ensure its full integration with the development programmes of the Government", WFP will undertake a study in 1991 on improving the integration of non-emergency food aid with other development resources. The study will be presented to the Committee on Food Aid Policies and Programmes (CFA) in May 1992 for transmittal to the Economic and Social Council and the United Nations General Assembly.

78. In preparation for this study, WFP is analysing the collaborative efforts now being made with other United Nations agencies. Some times, other agencies

provide technical and financial support directly to WFP-assisted development projects; sometimes WFP-assisted projects complement the activities of other agencies. The aim of the WFP analysis is to determine the key factors in collaborative efforts that affect the success of projects and to use this information in the design of future joint projects.

79. Meanwhile, consultations continue to be held with other United Nations agencies to increase collaboration wherever feasible. In the course of 1990 four new projects were approved by CFA; they were designed and will be undertaken within the framework of JCGP. As a follow-up to the March 1990 "Education for All" Conference, WFP is working with UNESCO on the formulation of model food-assisted projects in support of the education sector.

80. In China, the projects which comprise WFP's food-assisted programme benefit from an umbrella technical cooperation project funded by UNDP. This model might be replicated elsewhere, and WFP Directors of Operations have been encouraged to investigate the potential for similar cooperation.

D. Simplification and harmonization of procedures

81. Resolution 44/211, like many General Assembly resolutions before it, stresses that the rules governing the programming processes and project cycles of the United Nations system should be simplified and harmonized (paras. 15 and 17). It also states that the present rules for national execution should be modified (para. 18). It recommends that the executive heads of funding organizations of the United Nations system should make specific proposals to their governing bodies on ways and means of ensuring accountability (para. 24).

82. In order to initiate action, the Office of the Director-General undertook an extensive study to assess the difficulties faced by recipient countries in dealing with the plethora of policies and procedures, not only of the United Nations system, but of other multilateral and bilateral programmes. There is a growing recognition that a number of developing countries face problems caused by the variety of rules and procedures of external aid, although some of these countries were able to establish effective local mechanisms to deal with them. Given the situation facing the developing countries in this regard, and their experience with the issue to date, a comprehensive approach was deemed essential. Such an approach would lead to greater flexibility in adapting the rules to the needs of developing countries. Thus, it is not so much a question of changing specific rules and achieving harmonization where it was not cost-effective, but of making a firm commitment to the objective of decentralization and greater adaptation to the needs of developing countries without losing essential standards of accountability.

83. There has been limited progress so far, despite many efforts by the United Nations system. Advances have been made in the area of evaluation, the project document format and the harmonization of programming cycles. Developing countries are still burdened with the complexity of a myriad of rules and procedures. A broad approach is therefore required and must

cover all major sources of external aid. It would involve the identification of essential norms and common standards applicable to all operational activities (programming, execution, accountability), which could be adapted to local circumstances.

84. JCGP is in the process of applying elements of the above approach to the task of adapting programming cycles to national cycles. Consideration is being given to the question of how to deal with national execution in a coordinated manner, particularly as regards financial reporting. If current efforts in JCGP and CCSQ(OPS) are brought to fruition, and contacts with multilateral and bilateral sources of aid lead to common action, further significant results can be expected.

85. At its April 1991 session CCSQ(OPS) considered the comprehensive report prepared by the Director-General for Development and International Economic Cooperation. It noted that since operational activities constituted less than 10 per cent of total aid flow, there was a danger of overstating the problem within the system. Meaningful progress must therefore involve the collaboration of the major multilateral and bilateral donors; initiatives in this direction are being taken. The Committee agreed that any further efforts at simplification should be pursued in the light of principles which, inter alia, state that:

> "The concept of government responsibility for the management of projects is a cardinal feature of the operational activities of the system. So is the view that national projects assisted by the organizations are undertakings of the government concerned. It therefore follows that the procedures adopted by organizations of the system for the management of operational activities should be compatible with those used by recipient Governments themselves - especially in view of growing involvement of Governments in all aspects of project management. They should also be simple and easily understood.
>
> "The very nature of international technical cooperation, the diversity of its resources, as well as its flexibility in meeting different needs, in different circumstances and with different objectives - have a logic of their own. Harmonization, which might otherwise be desirable on grounds of reduced costs or greater efficiency, may limit flexibility, and hence attractiveness to donors of different procedures applied by various funds and programmes. A balance should therefore be struck between the requirements of harmonization and the preservation of flexibility.
>
> "As United Nations cooperation assistance constitutes a relatively small proportion of total technical assistance, further efforts must involve collaboration with the major multilateral and bilateral donors, if they are to be meaningful.

"Any further efforts should be based on the criteria of whether the procedures in themselves are more burdensome than they need be, e.g. on grounds of accountability requirements, and whether the procedures facilitate or inhibit the building of the capacities of the developing country effectively to design, manage and achieve the development interventions that are needed."

E. Implementation of the three-year timetable: progress in relation to the timetable established in 1990

86. This section summarizes the progress made in the three-year schedule of implementation of General Assembly resolution 44/211 (see A/45/273). It was prepared in accordance with paragraph 28 of the Assembly resolution and resolution 1990/82 of the Economic and Social Council, which requested a precise and comprehensive schedule for the implementation of all the provisions of resolution 44/211, concentrating on those activities which require priority attention. Paragraph 31 of resolution 44/211 calls upon the governing bodies of the United Nations system to make the adjustments necessary to implement paragraphs 15, 17, 18 and 20 through 24 of the resolution and to prepare information on measures taken for inclusion in the Director-General's annual reports.

87. The resident coordinator system and the country level structure of the United Nations system have been covered in section V of this report, and addendum 3, sections I and III. Many governing bodies stressed the need to strengthen the field structure at the country level and confirmed their continued support of the resident coordinator system. Some organizations are considering additional steps to encourage field assignments. Information on programming issues is provided in sections VI.A and VI.C. National execution is discussed in section VI.B and addendum 3, section II. The governing bodies endorsed the principle of national execution, while emphasizing that full use should be made of the experience and expertise of the specialized agencies. The subject will be considered by the UNDP Governing Council at its thirty-eighth session in June 1991. As mentioned in paragraph 23, work on this subject is proceeding at the inter-agency level, both in CCSQ(OPS) and JCGP.

88. Addendum 1 contains information on procurement issues which are being considered by CCSQ(OPS) (para. 24). A number of organizations have given further preferential treatment of procurement to developing countries within existing rules and procedures. The work of the Interagency Procurement Service Office (IAPSO) and the inter-agency working group on this subject have facilitated further progress on the issue of diversified procurement.

89. A number of initiatives are under way to increase decentralization and delegation of authority to the country level in the context of the reviews mentioned in section V. Smaller agencies which do not have field representation have reported special difficulties in this respect. A number of detailed studies examining the institutional and procedural aspects of the

delegation of authority have either been prepared for action by intergovernmental bodies, or are still under preparation. Eventual determination of progress in this area rests with the respective intergovernmental bodies.

90. Some organizations reported to their governing bodies that the existing systems were adequate to ensure accountability. In some other cases, organizations have either been requested by their governing bodies to suggest further improvements, sometimes in the context of the general review of the organization structures and procedures.

F. Elements for future analysis

91. The 1992 comprehensive triennial policy review of operational activities will include a comprehensive analysis of the implementation and the results achieved in the areas covered by resolution 44/211, as foreseen by paragraph 34 of this resolution. Consideration must be given how best to proceed, particularly in view of the limited resources available. Any analysis should look into action taken at the country level by recipient countries and the United Nations system. The results of initiatives taken by the United Nations system, which are extensively covered in this report, should be assessed. It should further review additional steps taken at the central levels, through intergovernmental action by various organizations and entities. A review of progress achieved in CCSQ(OPS), JCGP and by initiatives of various secretariats should be included. While no specific indicators of success or precise targets have been set by the resolution, its general policy thrust gives some guidance for identifying precise areas in which progress must be made. They include: assured levels of development resources; greater adaptation of field representation to the requirements of recipient countries and the substantive challenges of the 1990s; strengthened cooperation of the United Nations system at the country level under team-leadership of the resident coordinator; more coordinated programming of the United Nations system organizations; greater use of the programme approach; full utilization of national capacities in all phases of programmes, including the use of national execution with the support of the specialized agencies; harmonization and simplification of procedures; more procurement from developing countries and under-utilized donor countries; greater delegation of authority and decentralization to the country level; effective financial and programme accountability; and, in general, enhanced effectiveness of operational activities. These specific areas must be analysed in relation to the substantive requirements of developing countries in this decade.

Notes

a/ Declaration of the Algiers Colloquium on the Impact of the Recent Evolution of East/West Relations on the Growth of the World Economy, in particular on the Economic Growth and Development of the Developing Countries, as well as on International Economic Cooperation, held from 4 to 6 May 1991 (E/1981/78, para. 5).

b/ It is estimated that the number of new entrants in the labour market in the 1990s in the developing countries will be more than the total number of jobs now available in the industrialized world.

c/ The 1990 annual report on optional acitvities stated that UNIDO, IAEA, ITU, UPU, UNCTAD, UNDP, UNHCR, UNICEF, WFP and UN-ESCWA had examined the implications of resolution 44/211 (paras. 27, 30 and 31). Since then 10 organizations (ESCAP, FAO, Habitat, ICAO, ILO, IMO, UNESCO, WHO, WIPO and WMO) have brought General Assembly resolution 44/211 to the attention of their respective governing bodies. Reports to these bodies included: (i) the main actions already taken by the agencies on some major issues contained in the resolution; (ii) the present status of such actions; (iii) the future plans for the implementation of the resolution; and (iv) the problems encountered because of the present mandates of the agencies.

d/ For FAO, see Council report: Operational Activities for Development (19-30 November 1990). For WHO, see Executive Board report (document EB 87/40, Addendum 1 and EB 87.R20 of 24 January 1991).

e/ Bangladesh, Bolivia, Malawi, Namibia, the Philippines and Yemen.

f/ Either Bolivia or Honduras, Namibia and Viet Nam.

g/ All resource figures, percentages and comparisons used in this report are in nominal terms, i.e. they are not real terms, or at constant prices.

h/ Priority Themes: Equality in Political Participation and Decision-Making, E/CN.6/1990/1.

i/ Some of these proposals would need further elaboration within the ACC framework.

j/ Field representation of organization of the United Nations system: structure and coordination (JIU/REP/86/1).

APPENDIX

Financial resource flows: operational activities for development of the United Nations system

I. Contributions from Governments and other sources to operational activities for development (OA) in billions of current United States dollars

A. Global

Items	1986	1987	1988	1989
1. Contributions to United Nations funds and programmes a/	2.33	2.68	3.02	3.10
2. Contributions to specialized agencies b/	0.75	0.74	0.81	0.86
3. Contributions to the World Bank Group and IFAD	3.49	3.65	4.45	4.61
4. Total contribution for OA	6.57	7.07	8.28	8.57
4a. Contributions for refugees, humanitarian, spec. econ. and disaster relief activities	0.55	0.61	0.61	0.81
4b. UNEP Environment Fund	0.13	0.03	0.04	0.04
5. Total contribution for OA and other assistance programmes	7.25	7.71	8.93	9.42

Source: Statistical addenda to the annual report of the Director-General for development and international economic cooperation for 1987, 1988, 1989 and 1990.

a/ These funds and programmes are: UNDP and its administered funds and trust funds, UNFPA, UNICEF, WFP and other United Nations funds and included in the United Nations Pledging Conference for development activities.

b/ These are: ILO, FAO, UNESCO, WHO, ITC, IAEA, UNIDO, ITU, WMO, IMO, ICAO, UPU, WIPO, etc.

B. Contributions to the organizations of the Joint Consultative Group on Policy (JCGP): 1986-1989

Items	1986	1987	1988	1989
1. Contributions to UNDP and UNDP-administered funds and trust funds	1.01	1.13	1.20	1.21
2. Contributions to UNFPA	0.16	0.18	0.19	0.20
3. Contributions to UNICEF	0.42	0.52	0.60	0.59
4. Contributions to WFP	0.70	0.83	0.98	1.06
5. Contributions to IFAD	0.15	0.30	0.26	0.08
6. Total contributions to JCGP organizations	2.44	2.96	3.23	3.14
7. Percentage of total contribution for OA and other assistance programmes	34%	38%	36%	33%

II. Expenditures on operational activities

A. Expenditures on operational activities for development (OA) of the United Nations system in billions of current United States dollars

Items	1986	1987	1988	1989
(a) Development grants	2.62	2.86	3.31	3.40
(b) Concessional loans	3.03	3.46	3.69	3.17
A. Official development assistance (ODA): (a) + (b)	5.65	6.32	7.00	6.56
(c) Net transfer, World Bank loans	0.19	(2.20)	(4.58)	(3.75)
(d) Net disbursements, IFC	0.16	0.21	0.36	0.57
B. Non-concessional loans	0.35	(1.99)	(4.22)	(3.18)
C. Expenditures on OA: (a) + (b)	6.00	4.33	2.78	3.38
D. Refugee, humanitarian, spec. econ. and disaster relief grant activities	0.63	0.64	0.78	0.89
E. Total expenditures on OA and other assistance programmes	6.63	4.97	3.56	4.27
F. Total world ODA	44.50	48.30	51.50	53.10
G. United Nations system ODA for OA and other assistance programmes: (A) + (D)	6.28	6.96	7.78	7.45
H. OA percentage of world ODA	14%	14%	15%	14%

Source: Statistical addenda to the annual report of the Director-General for development and international economic cooperation for 1987, 1988, 1989 and 1990.

B. Expenditures on OA by the organizations of the Joint Consultative Group on Policy for 1986-1989

Expenditures	1986	1987	1988	1989
1. Financed by UNDP and UNDP-administered funds and trust funds	0.78	0.79	0.92	0.98
2. Financed by UNFPA	0.10	1.11	0.13	0.16
3. Financed by UNICEF	0.33	0.36	0.40	0.50
4. Financed by WFP	0.65	0.72	0.88	0.76
5. Financed by IFAD	0.21	0.20	0.18	0.16
6. Total contributions to JCGP organizations	2.07	2.18	2.51	2.56
7. OA percentage of total United Nations system ODA and other assistance programmes	33%	31%	32%	34%